

Mindtree Limited

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

Particulars	<i>Rs in million, except per share data</i>					
	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Revenue from operations	19,260	19,088	19,143	38,348	37,485	77,643
Other income, net	245	406	197	651	417	756
Total income	19,505	19,494	19,340	38,999	37,902	78,399
Expenses						
Employee benefits expense	12,623	12,776	12,647	25,399	25,179	50,647
Finance costs	132	131	138	263	268	529
Depreciation and amortisation expense	569	597	707	1,166	1,376	2,754
Other expenses	2,734	3,092	4,014	5,826	7,983	16,182
Total expenses	16,058	16,596	17,506	32,654	34,806	70,112
Profit before tax	3,447	2,898	1,834	6,345	3,096	8,287
Tax expense						
Current tax	962	727	592	1,689	946	2,333
Deferred tax	(52)	41	(108)	(11)	(127)	(354)
Net profit for the period	2,537	2,130	1,350	4,667	2,277	6,308
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(16)	(14)	(44)	(30)	(79)	(109)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4	3	11	7	19	26
B. (i) Items that will be reclassified to profit or loss	2,174	1,391	(49)	3,565	(49)	(3,128)
(ii) Income tax relating to items that will be reclassified to profit or loss	(760)	(486)	17	(1,246)	17	1,093
Total other comprehensive income/(loss)	1,402	894	(65)	2,296	(92)	(2,118)
Total comprehensive income/(loss) for the period	3,939	3,024	1,285	6,963	2,185	4,190
Paid up equity share capital (face value Rs. 10/- each)	1,647	1,646	1,646	1,647	1,646	1,646
Reserves	35,273	32,971	28,454	35,273	28,454	29,920
Earnings per share (EPS) (refer note 6):						
Basic EPS (Rs.)	15.41	12.94	8.20	28.35	13.85	38.35
Diluted EPS (Rs.)	15.40	12.93	8.20	28.34	13.85	38.33

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	<i>Rs in million</i>					
	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Segment revenue						
Retail, CPG and Manufacturing	4,139	3,927	4,150	8,066	8,227	16,439
Banking, Financial Services and Insurance	3,922	3,879	4,136	7,801	8,089	16,479
Communications, Media and Technology	9,597	9,737	7,612	19,334	14,838	31,793
Travel and Hospitality	1,602	1,545	3,245	3,147	6,331	12,932
Total	19,260	19,088	19,143	38,348	37,485	77,643
Segment results						
Retail, CPG and Manufacturing	927	783	664	1,710	1,239	2,844
Banking, Financial Services and Insurance	830	785	468	1,615	658	2,000
Communications, Media and Technology	1,910	2,114	1,016	4,024	1,908	4,754
Travel and Hospitality	117	(204)	334	(87)	518	1,299
Total	3,784	3,478	2,482	7,262	4,323	10,897
Unallocable						
Expenses	450	855	707	1,305	1,376	2,837
Finance costs	132	131	138	263	268	529
Other income	245	406	197	651	417	756
Profit before tax	3,447	2,898	1,834	6,345	3,096	8,287

Notes on segment information
Principal segments

The Company is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT) (erstwhile High Technology and Media - Hi-tech) and Travel and Hospitality (TH). Accordingly, the Company has presented its segment results under these business segments.

Segment assets and liabilities

Segregation of assets, liabilities, depreciation and other non-cash expenses into various business segments has not been carried out as the assets are used interchangeably between segments. Accordingly, no disclosure relating to segment assets and liabilities has been made.

AUDITED STANDALONE BALANCE SHEET		Rs in million	
Particulars	As at		
	September 30, 2020	March 31, 2020	
ASSETS			
Non-current assets			
Property, plant and equipment	3,154	3,400	
Capital work in progress	72	136	
Right-of-use assets	5,184	5,201	
Goodwill	4,730	4,730	
Other intangible assets	611	759	
Financial assets			
Investments	83	820	
Loans	449	457	
Other financial assets	401	-	
Deferred tax assets (Net)	600	1,835	
Other non-current assets	1,888	1,693	
	17,172	19,031	
Current assets			
Financial assets			
Investments	18,509	6,944	
Trade receivables	12,820	14,389	
Cash and cash equivalents	2,111	3,894	
Bank balances other than cash and cash equivalents	-	1,961	
Loans	9	99	
Other financial assets	2,160	2,805	
Other current assets	1,708	1,981	
Non-current assets held for sale	-	461	
	37,317	32,534	
TOTAL ASSETS	54,489	51,565	
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,647	1,646	
Other equity	35,273	29,920	
	36,920	31,566	
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	4,834	4,964	
Other financial liabilities	37	1,798	
	4,871	6,762	
Current liabilities			
Financial liabilities			
Lease liabilities	893	699	
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	8	
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,268	2,546	
Other financial liabilities	4,110	5,283	
Other current liabilities (refer note 7)	1,788	2,305	
Provisions (refer note 7)	1,675	1,016	
Current tax liabilities (Net)	1,941	1,380	
	12,698	13,237	
	17,569	19,999	
TOTAL EQUITY AND LIABILITIES	54,489	51,565	
AUDITED STANDALONE STATEMENT OF CASH FLOWS		Rs in million	
Particulars	Six months ended		
	September 30, 2020	September 30, 2019	
Cash flow from operating activities			
Profit for the period	4,667	2,277	
<i>Adjustments for :</i>			
Income tax expense	1,678	819	
Depreciation and amortization expense	1,166	1,376	
Impairment loss recognized on non-current assets held for sale	2	-	
Share based payments to employees	36	47	
Allowance for expected credit losses	122	120	
Finance costs	263	268	
Interest income on financial assets at amortised cost	(90)	(101)	
Net gain on disposal of property, plant and equipment	(44)	(8)	
Net gain on disposal of right-of-use assets	(1)	-	
Net gain on financial assets designated at fair value through profit or loss	(484)	(285)	
Unrealised exchange difference on lease liabilities	(55)	57	
Unrealised exchange difference on fair value hedge	(323)	70	
Effect of exchange differences on translation of foreign currency cash and cash equivalents	42	(28)	
<i>Changes in operating assets and liabilities</i>			
Trade receivables	1,447	(240)	
Other assets	1,168	248	
Bank balances other than cash and cash equivalents	1,961	-	
Trade payables	(263)	85	
Other liabilities	(157)	(434)	
Provisions	659	300	
Net cash provided by operating activities before taxes	11,794	4,571	
Income taxes paid, net of refunds	(1,280)	(991)	
Net cash provided by operating activities	10,514	3,580	
Cash flow from investing activities			
Purchase of property, plant and equipment	(198)	(811)	
Proceeds from sale of property, plant and equipment	57	8	
Payment towards initial direct cost of right-of-use assets	(5)	-	
Interest income on financial assets at amortised cost	98	52	
Proceeds from sale of non-current assets held for sale	459	-	
Purchase of investments	(21,025)	(13,272)	
Proceeds from sale of investments	10,657	15,649	
Net cash (used in) provided by investing activities	(9,957)	1,626	
Cash flow from financing activities			
Issue of share capital (net of issue expenses paid)	1	4	
Payment of lease liabilities	(384)	(204)	
Finance costs (including interest towards lease liabilities)	(263)	(268)	
Repayment of long-term borrowings	(5)	(5)	
Dividends paid (including distribution tax)	(1,647)	(5,351)	
Net cash (used in) financing activities	(2,298)	(5,824)	
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(42)	28	
Net (decrease) in cash and cash equivalents	(1,783)	(590)	
Cash and cash equivalents at the beginning of the period	3,894	2,544	
Cash and cash equivalents at the end of the period	2,111	1,954	

Cash and cash equivalents		<i>Rs in million</i>	
Particulars	As at		
	September 30, 2020	March 31, 2020	
Balances with banks in current accounts and deposit accounts	2,089	3,871	
Other bank balances	22	23	
Cash and cash equivalents as per balance sheet	2,111	3,894	
Book overdrafts used for cash management purposes	-	-	
Cash and cash equivalents as per statement of cash flows	2,111	3,894	

Reconciliation of liabilities from financing activities for the six months ended September 30, 2020					<i>Rs in million</i>	
Particulars	As at March 31, 2020	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at	
					September 30, 2020	September 30, 2020
Long-term borrowings (including current portion)	5	-	(5)	-	-	-
Lease liabilities	5,663	503	(384)	(55)	-	5,727
Total liabilities from financing activities	5,668	503	(389)	(55)		5,727

Reconciliation of liabilities from financing activities for the six months ended September 30, 2019					<i>Rs in million</i>	
Particulars	As at March 31, 2019	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at	
					September 30, 2019	September 30, 2019
Long-term borrowings (including current portion)	10	-	(5)	-	5	5
Lease liabilities	-	6,011	(204)	57	-	5,864
Total liabilities from financing activities	10	6,011	(209)	57		5,869

Notes to audited Standalone financial results for the quarter and six months ended September 30, 2020

- The information presented above is extracted from the audited standalone interim financial statements for the quarter and six months ended September 30, 2020, audited standalone interim financial statements for the quarter ended June 30, 2020 and the audited standalone financial statements for the year ended March 31, 2020. The standalone interim financial statements for the quarter and six months ended September 30, 2020 have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 – 'Interim Financial Reporting' (Ind AS 34). The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on October 15, 2020.
- The statement of financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.
- Estimation uncertainty relating to COVID-19 outbreak:**
The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial results in determining the impact on various elements of its financial results. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results.
- The Board of Directors at its meeting held on April 24, 2020 had recommended a final dividend of 100% (Rs 10 per equity share of par value Rs 10 each) for the financial year ended March 31, 2020 which was approved by the shareholders at the Annual General Meeting held on July 14, 2020. The aforesaid dividend were paid during the period that resulted in a cash outflow of Rs 1,646 million. The Board of Directors at its meeting held on October 15, 2020 have declared an interim dividend of 75%.(Rs 7.5 per equity share of par value Rs 10 each).
- Board changes and changes in Key Managerial Personnel:**
 - The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Chandrasekaran Ramakrishnan as Independent Director with effect from July 15, 2020 for a term of five years upto July 14, 2025, subject to the approval of the shareholders of the Company.
 - The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Dayapatra Nevatia, Chief Operating Officer as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025, subject to the approval of the shareholders and Statutory Authorities, if any.
 - The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Venugopal Lambu, President - Global Markets as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025, subject to the approval of the shareholders and Statutory Authorities, if any.
 - Mr. Jayant Damodar Patil, Non-Executive Director has resigned from the Board of Directors of the Company with effect from the close of business hours on October 15, 2020, due to other commitments and the Board of Directors have accepted the same.
 - Ms. Vedavalli Sridharan has resigned as the Company Secretary of the Company and Compliance Officer and her resignation is effective from the close of business hours on October 31, 2020. The Nomination and Remuneration Committee and the Board of Directors have appointed Mr.Subhodh Shetty as Company Secretary and Compliance Officer effective November 01, 2020.
- EPS for the interim periods are not annualized.
- Liability for discount as at March 31, 2020 amounting to Rs 708 million has been reclassified from provisions to other current liabilities to conform to better presentation.
- The new Code on Social Security, 2020 has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules are published.

For and on behalf of the Board of Mindtree Limited

Bengaluru, India
October 15, 2020

Debashis Chatterjee
CEO & Managing Director